

Standard & Poor's Global Rating Upgrades Brookhaven Town to AAA Financial Rating with a Stable Outlook

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Brookhaven Earns Higher Rating than U.S. Government; Town commended for very strong management, with strong financial policies and practices

Farmingville, NY – Supervisor Ed Romaine is pleased to report that S&P Global Ratings has upgraded the Town of Brookhaven's credit rating to AAA and a Stable Outlook. The AAA rating, the highest designation that the agency issues, signifies that Brookhaven's fiscal position has an "extremely strong capacity to meet financial commitments." The Town's previous rating, issued in March 2015 was AA+ with a Positive Outlook. A municipality's credit rating is an important and reliable indicator of its fiscal health determined by independent and objective fiscal monitors. A higher credit rating saves money on borrowings in the form of lower interest costs.

In the report, S&P noted that Brookhaven Town's rating is higher than that of the United States government, which has been given the rating of AA+. They commented that "Brookhaven [General Obligation] bonds are eligible to be rated above the sovereign because we believe the town can maintain better credit characteristics than the U.S. in a stress scenario."

The stable outlook reflects the Town's participation in the very diverse economy and very strong access to broad and diverse employment opportunities. The outlook further reflects Brookhaven's very strong budgetary flexibility, liquidity and management and improving budgetary performance.

Supervisor Romaine said, "The AAA rating by Standard & Poor's is a victory for the Town of Brookhaven taxpayers. It sends a clear message that their elected officials are keeping a promise to cut spending and run the Town more efficiently. Our conservative fiscal policies have led the way to financial stability and I am proud to say that we continue to save millions of taxpayer dollars while still providing the services that our residents deserve."

Councilwoman Jane Bonner, who serves as the Town Board Liaison to Finance said, "I commend the Supervisor for his leadership and fiscal discipline which has resulted in Standard & Poor's highest credit rating. I am happy to have played a role in this great success and I look forward to working with him and his staff to further improve our financial position."

Standard & Poor's identified the Town's strengths as:

- Very strong management, with strong financial policies and practices under the agency's Financial Management Assessment methodology;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 35% of operating expenditures;
- Very strong liquidity, with total government available cash at 34.4% of total governmental fund expenditures and 2.1x governmental debt service, and access to external liquidity considered to be strong; and
- Strong institutional framework.

The ratings agency also commented that they view the Town's management as "very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable."

The S&P report indicated that the highlights of the Town's policies and practices include:

- A well-defined five-year capital improvement plan (CIP) updated annually;
- Long-term financial forecasts formulated by management updated annually as part of the budget process;
- A debt management policy of maintaining debt service carrying charges at 15% or below of revenue or expenditures, whichever is less, of the budget; and a formal fund balance policy of maintaining a general fund balance of at least 20% of expenditures and adherence to the state's investment policy;
- The Town's access to external liquidity is very strong having issued bonds and notes frequently over the past twenty years, with an adequate debt and contingent liability profile; and
- In January of 2014, the Town established a pension contribution reserve fund for revenue received from the sale of selected surplus town property and other revenues to offset ongoing pension contributions. In fiscal 2015, the Town paid off its retirement system debt with reserves in the fund; and ultimately reaping savings to the town.

RatingsDirect - Summary: Brookhaven Town, New York; Greneral Obligation

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